



HLS Therapeutics Inc.

News Release

HLS Therapeutics Announces Q1 2025 Financial Results

2025-05-08

- Total Product revenue grew 5% compared to Q1 2024, with growth across both the US and Canada
- Canadian Product revenue grew 13% (in local currency) compared to Q1 2024, driven by 34% year-over-year growth in Vascepa net sales
- Adjusted EBITDA grew 41% (or 78% excluding royalty revenue) compared to Q1 2024
- HLS expands Cardiovascular portfolio by securing Canadian rights to NEXLETOL® and NEXLIZET® from Esperion Therapeutics

TORONTO, May 8, 2025 /CNW/ - HLS Therapeutics Inc. ("HLS" or the "Company") (TSX: HLS), a pharmaceutical company focused on addressing unmet needs in the treatment of psychiatric disorders and cardiovascular disease, announces its financial results for the three months ended March 31, 2025. All amounts are in thousands of United States ("U.S.") dollars unless otherwise stated.

Q1 2025 FINANCIAL HIGHLIGHTS (comparisons are to Q1 2024)

- Revenue was \$12.6 million, Adjusted EBITDA¹ was \$3.8 million and cash from operations was \$3.5 million, compared to \$12.5 million, \$2.7 million and \$0.8 million, respectively.
- Revenue for Vascepa increased 34% in local currency.
- Revenue for Clozaril Canada increased 1% in local currency.
- Revenue for Clozaril US increased 3%.
- Excluding cost of sales, operating expenses decreased 20%.
- Vascepa made a slightly positive contribution to Adjusted EBITDA in Q1 2025, compared to a negative \$1.6 million contribution in Q1 2024.

OTHER CORPORATE HIGHLIGHTS

- Announced an agreement with Esperion Therapeutics Inc. (NASDAQ:ESPR) to in-license and commercialize NEXLETOL² and NEXLIZET² in Canada. See full press release details [here](#).
- Launched Normal Course Issuer Bid.
- Christine Elliott, ex-Minister of Health in Ontario, joined the Board of Directors.

"Our Q1 financial results demonstrated solid execution across the business, with product revenues and Adjusted EBITDA growing in line with expectations. We also made progress in building the foundation for future growth by expanding our product portfolio," said Craig Millian, CEO at HLS. "Product revenue in Canada increased by 13% in local currency, driven by growth in both Vascepa and Clozaril, while Clozaril sales in the U.S. rose by 3%. Our focus on operational efficiencies led to a 20% reduction in operating expenses, resulting in a 41% increase in Adjusted EBITDA, or 78% when excluding passive royalty revenue."

"The strengthening of our financial position has created new opportunities to enhance shareholder value. We initiated a share buyback program in Q1 while continuing to pursue strategic growth opportunities such as portfolio expansion. Today's announcement of our agreement with Esperion Therapeutics to in-license NEXLETOL and NEXLIZET for the Canadian market reflects this balanced approach to capital allocation."

"These promising therapies are strategically aligned with our portfolio, complementing Vascepa and leveraging our established cardiovascular infrastructure in the Canadian market, which will minimize incremental costs. The products address significant unmet medical needs and represent a substantial growth opportunity. In Q4 2024, Esperion submitted New Drug Submissions to Health Canada for NEXLETOL and NEXLIZET, with approval expected by late 2025 and preparations in progress for commercial launch in early 2026."

Q1 2025 FINANCIAL REVIEW

The Company's Management's Discussion and Analysis and Consolidated Financial Statements for the three months ended March 31, 2025, are available at the [Company's website](#) and at its profile at [SEDAR+](#).

Revenue

	Three months ended March 31, 2025	2024
Product sales	- - - -	- - - -

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Canada	9,708	9,154
United States	2,718	2,642
	12,426	11,796
Royalty revenue	197	677
	12,623	12,473

Revenue for the three months ended March 31, 2025, increased 1%, due to growth of the Company's marketed products and was offset, in part, by lower royalty revenues and FX rate fluctuations. Excluding royalties, Q1 2025 revenue for the Company's marketed products (Vascepa and Clozaril) increased 5% from Q1 2024.

Product sales – Canada

000's of CAD	Three months ended		
	2025	March 31, 2024	% change
Clozaril	7,929	7,865	0.8 %
Vascepa	5,978	4,471	33.7 %
Other	32	13	
	13,939	12,349	12.9 %

For the three months ended March 31, 2025, Canadian sales of Vascepa and Clozaril increased 13% in local currency compared to Q1 2024, driven primarily by the 34% growth of Vascepa. However, when converted to U.S. dollars, the growth was only 6% due to the decline in the CAD/USD exchange rate.

Product Sales – United States

In the U.S. market, Clozaril revenue for the three months ended March 31, 2025, increased 3% compared to Q1 2024.

Royalty revenues

As expected, royalty revenues for the three months ended March 31, 2025, were down 71% compared to Q1 2024. Following the sale of the Xenpozyme royalty interest in Q2 2024, HLS has one remaining royalty interest which generated \$0.2 million in revenue in Q1 2025.

Operating Expenses

	Three months ended March 31, 2025	2024
Cost of product sales	2,398	1,774
Selling and marketing	2,830	4,526
Medical, regulatory and patient support	1,436	1,265
General and administrative	2,139	2,201
	8,803	9,766

Cost of product sales was up for the three months ended March 31, 2025, due primarily to higher Vascepa sales volumes.

Operating expenses in Q1 2025, excluding cost of product sales, decreased by 20% compared to Q1 2024, primarily due to lower selling and marketing expenses following the Company's discontinuation of co-promotional activities with its marketing partner in August 2024. While selling and marketing expenses will remain below 2024 levels throughout the year, quarterly expenses are expected to be moderately higher for the remainder of 2025 than in Q1. This difference is due to Q1 2025 benefiting from several staff vacancies and a one-time vendor credit, neither of which are expected to recur in upcoming quarters.

Adjusted EBITDA¹

	Three months ended March 31, 2025	2024
Net loss for the period	(4,436)	(6,106)
Stock-based compensation	651	256
Amortization and depreciation	5,360	5,919
Finance and related costs, net	1,972	2,667
Other costs	296	—
Income tax recovery	(23)	(29)
Adjusted EBITDA	3,820	2,707

Adjusted EBITDA for the three months ended March 31, 2025, increased 41% primarily due to the growth in the Company's marketed products and ongoing focus on cost management, and was partially offset by the previously mentioned decline in royalty revenue. Excluding royalty revenue, Adjusted EBITDA for Q1 2025 would have been \$3.6 million compared to \$2.0 million in Q1 2024, representing an increase of 78%.

The direct brand contribution from Clozaril to Adjusted EBITDA in Q1 2025 was \$5.9 million, compared to \$6.1 million in Q1 2024. Vascepa achieved a slightly positive direct brand contribution to Adjusted EBITDA in Q1 2025, compared to a brand loss of \$1.6 million in Q1 2024. This was the second consecutive quarter of a positive contribution from Vascepa to Adjusted EBITDA.

Net Loss

Net loss for the three months ended March 31, 2025, was (\$4.4) million, or (\$0.14) per share, compared to a net loss of (\$6.1) million, or (\$0.19) per share, in Q1 2024. Net loss improved in Q1 2025 due primarily to higher revenue from marketed products, lower operating expenses and lower amortization and depreciation expenses, which were offset, in part, by lower royalty revenue.

Cash from Operations and Financial Position

Cash generated from operations for the three months ended March 31, 2025, was \$3.5 million compared to \$0.8 million in Q1 2024. Cash was \$17.7 million at March 31, 2025, compared to \$17.5 million at December 31, 2024.

Total borrowings under the credit agreement at March 31, 2025, were \$64.5 million compared to \$67.4 million at December 31, 2024, and \$86.4 million at March 31, 2024.

During Q1 2025, HLS made principal payments on its term loan totaling \$3.0 million and spent \$0.2 million to purchase shares for cancellation under its Normal Course Issuer Bid, which was launched on March 17, 2025.

2025 OUTLOOK

Revenue projections for the Company's Canadian product portfolio are denominated in local currency to account for ongoing FX rate fluctuations. Importantly, the 2025 guidance fully incorporates all anticipated financial impacts from pre-launch activities related to the newly in-licensed NEXLETOL and NEXLIZET.

2025 financial targets are unchanged and as follows:

- Vascepa revenue of C\$26.5-28.5 million (18-26% growth)
- Canada Clozaril sales of C\$35.5-36 million (flat year-over-year)
- U.S. Clozaril sales of \$12-12.3 million (2-4% decline)
- Royalty revenue of \$0.6-0.75 million (50-60% decline)
- Consolidated Adjusted EBITDA of \$19.5-20.5 million (17-23% growth)

Future results could be impacted by continued exchange rate volatility.

Q1 2025 CONFERENCE CALL

HLS will hold a conference call today at 8:30 am Eastern Time to discuss its Q1 2025 financial results. The call will be hosted by Mr. Craig Millian, CEO, Mr. John Hanna, CFO and Mr. Brian Walsh, CCO. [To view the slides that accompany management's discussion, please use the webcast link.](#)

CONFERENCE ID: 41562

DATE: Thursday, May 8, 2025

TIME: 8:30 a.m. ET

WEBCAST LINK: <https://app.webinar.net/EpY5Lzpk6d8>

TRADITIONAL DIAL-IN NUMBER: 1-888-699-1199 or 1-416-945-7677

RAPIDCONNECT: To instantly join the conference call by phone, please use the following URL to easily register and be connected into the conference call automatically: <https://emportal.ink/43us1qX>

TAPED REPLAY: 1-888-660-6345 or 1-646-517-4150

REPLAY CODE: 41562#

The taped replay will be available for 14 days and the archived webcast will be available for 365 days.

A link to the live audio webcast of the conference call will also be available on the events page of the investors section of HLS Therapeutics' website at www.hlstherapeutics.com. Please connect at least 15 minutes before the conference call to ensure enough time for any software download required to hear the webcast.

ABOUT HLS THERAPEUTICS INC.

Formed in 2015, HLS is a pharmaceutical company focused on the acquisition and commercialization of late-stage development, commercial stage promoted and established branded pharmaceutical products in the North American markets. HLS's focus is on products targeting the central nervous system and cardiovascular therapeutic areas. HLS's management team is composed of seasoned pharmaceutical executives with a strong track record of success in these therapeutic areas and at managing products in each of these lifecycle stages. For more information visit: www.hlstherapeutics.com

¹CAUTIONARY NOTE REGARDING NON-IFRS MEASURES

This press release refers to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of HLS's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of HLS's financial information reported under IFRS. HLS uses non-IFRS measures to provide investors with

supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. HLS also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. HLS's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess HLS's ability to meet its future debt service, capital expenditure and working capital requirements.

In particular, management uses Adjusted EBITDA as a measure of HLS's performance. To reconcile net income (loss) for the period with Adjusted EBITDA, each of (i) "stock-based compensation", (ii) "amortization and depreciation", (iii) "finance and related costs, net", (iv) "other costs (income)", and (v) "income tax expense (recovery)" appearing in the Consolidated Statement of Net Income (Loss) are added to net income (loss) for the period to determine Adjusted EBITDA. Adjusted EBITDA does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss) prepared in accordance with IFRS as issued by the IASB.

REFERENCES

²: NEXLETOL® (bempedoic acid) and NEXLIZET® (bempedoic acid and ezetimibe) are the commercial brand names in the U.S. The brand names in Canada to be confirmed upon approval by Health Canada.

FORWARD LOOKING INFORMATION

This release includes forward-looking statements regarding HLS and its business. Such statements are based on the current expectations and views of future events of HLS's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including, among others, statements with respect to HLS's pursuit of additional product and pipeline opportunities in certain therapeutic markets, statements regarding growth opportunities, expectations regarding financial performance, and the NCIB and ASPP. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting HLS, including risks relating to the specialty pharmaceutical industry, risks related to the regulatory approval process, economic factors and many other factors beyond the control of HLS. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause HLS's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place

undue reliance on any forward-looking statements or information. A discussion of the material risks and assumptions associated with this release can be found in the Company's Annual Information Form dated March 12, 2025, and Management's Discussion and Analysis dated May 7, 2025, both of which have been filed on SEDAR+ and can be accessed at www.sedarplus.ca. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and HLS undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

[in thousands of U.S. dollars]

	March 31, 2025	As at December 31, 2024	As at
ASSETS			
Current			
Cash	17,734		17,456
Accounts receivable	7,732		7,454
Inventories	7,483		9,058
Income taxes recoverable	71		71
Other current assets	1,048		1,361
Total current assets	34,068		35,400
Property, plant and equipment	972		997
Intangible assets	117,177		122,122
Deferred tax asset	1,200		857
Other non-current assets	530		528
Total assets	153,947		159,904
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	8,682		8,709
Provisions	8,561		8,367
Debt and other liabilities	6,203		5,317
Income taxes payable	394		152
Total current liabilities	23,840		22,545
Debt and other liabilities	59,181		61,944
Deferred tax liability	4,128		4,074
Total liabilities	87,149		88,563
Shareholders' equity			
Share capital	260,136		260,595
Contributed surplus	14,893		15,136
Accumulated other comprehensive loss	(9,898)		(10,210)
Deficit	(198,333)		(194,180)
Total shareholders' equity	66,798		71,341
Total liabilities and shareholders' equity	153,947		159,904

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF LOSS

Unaudited

[in thousands of U.S. dollars, except per share amounts]

	Three months ended March 31,	
	2025	2024
Revenue	12,623	12,473
Expenses		
Cost of product sales	2,398	1,774
Selling and marketing	2,830	4,526
Medical, regulatory and patient support	1,436	1,265
General and administrative	2,139	2,201
Stock-based compensation	651	256
Amortization and depreciation	5,360	5,919
Finance and related costs, net	1,972	2,667
Other costs	296	—
Loss before income taxes	(4,459)	(6,135)
Income tax recovery	(23)	(29)
Net loss for the period	(4,436)	(6,106)
Net loss per share:		
Basic and diluted	\$(0.14)	\$(0.19)

HLS THERAPEUTICS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
Unaudited
[in thousands of U.S. dollars]

	Three months ended March 31,	
	2025	2024
Net loss for the period	(4,436)	(6,106)
Item that may be reclassified subsequently to net loss		
Unrealized foreign currency translation adjustment	312	(2,373)
Comprehensive loss for the period	(4,124)	(8,479)

HLS THERAPEUTICS INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Unaudited
[in thousands of U.S. dollars]

	Share capital	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
Balance, December 31, 2024	260,595	15,136	(10,210)	(194,180)	71,341
Shares repurchased	(459)	—	—	283	(176)
Change in share purchase obligation	—	(495)	—	—	(495)
Stock option expense	—	252	—	—	252
Net loss for the period	—	—	—	(4,436)	(4,436)
Unrealized foreign currency translation adjustment	—	—	312	—	312

Balance, March 31, 2025	260,136	14,893	(9,898)	(198,333)	66,798
Balance, December 31, 2023	262,127	13,865	(2,838)	(175,457)	97,697
Shares repurchased	(768)	—	—	485	(283)
Stock option expense	—	131	—	—	131
Net loss for the period	—	—	—	(6,106)	(6,106)
Unrealized foreign currency translation adjustment	—	—	(2,373)	—	(2,373)
Balance, March 31, 2024	261,359	13,996	(5,211)	(181,078)	89,066

HLS THERAPEUTICS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited
[in thousands of U.S. dollars]

	Three months ended March 31,	
	2025	2024
OPERATING ACTIVITIES		
Net loss for the period	(4,436)	(6,106)
Adjustments to reconcile net loss to cash provided by operating activities		
Stock-based compensation	651	256
Amortization and depreciation	5,360	5,919
Accreted interest	308	282
Fair value adjustment on financial assets and liabilities	—	187
Deferred income taxes	(289)	(61)
Net change in non-cash working capital balances related to operations	1,949	301
Cash provided by operating activities	3,543	778
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(21)	(2)
Cash used in investing activities	(21)	(2)
FINANCING ACTIVITIES		
Shares repurchased	(176)	(283)
Repayment of credit agreement borrowing	(2,960)	(2,075)
Debt costs	—	(533)
Lease payments	(143)	(143)
Cash used in financing activities	(3,279)	(3,034)
Net increase (decrease) in cash during the period	243	(2,258)
Foreign currency translation	35	(251)
Cash, beginning of period	17,456	21,952
Cash, end of period	17,734	19,443

SOURCE HLS Therapeutics Inc.